

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24/25
Responses to the Department's Seventh Set of Information Requests

Request No. DTE 7-15 (Gas):

Please indicate whether Management Applications Consulting, Inc. performed the allocated cost of service study ("COSS") filed in Berkshire Gas Company, D.T.E. 01-56 (2002). If so, please list each allocator used in the compliance filing COSS approved in D.T.E. 01-56 that was modified in the proposed COSS in the instant docket. For each allocator listed, please describe in detail the changes made and the reasons for such changes.

Response:

Management Applications Consulting, Inc. did perform the allocated cost of service study filed in Berkshire Gas Company DTE 01-56. All of the allocators in the Fitchburg Study were methodologically and conceptually similar. However, as is MAC's practice, the study incorporated minor improvements wherever possible. Many of these improvements stemmed from obtaining better or more detailed cost information from the Company allowing more accurate allocations. The differences are listed below. The list excludes those items where the underlying allocator was the same but a different acronym was used to allocate the cost of service item.

On JLH-5-1, Page 6-1, Line 2, the Cash Working Capital Requirement for Other O&M was calculated directly from the allocated expenses. In the Berkshire study, an allocator was used that varied slightly in total with the Other O&M expenses used in the calculation of the working capital requirement.

On JLH-5-1, Page 8-1, Line 2, Interruptible Sales Margins were allocated using supplemental demand charges consistent with the AG's witness's recommendation in the Berkshire Gas case. In the Berkshire Gas study, the base and remaining demand charges were not shown separately, and, therefore, Interruptible Sales Margins were allocated on the total of base and supplemental demand charges.

On JLH-5-1, Page 10-1, Lines 1-8 and 10, the base and supplemental demand and commodity gas cost charges were shown separately and allocated individually using base and supplemental allocations. In the Berkshire Gas study, the base and supplemental gas cost splits were allocated as total demand and commodity charges using a composite allocator developed outside of the study.

On JLH-5-1, Page 10-1, Line 11, the Account 813 Other Gas Supply Expenses were defined to relate to all delivery service and were allocated on the distribution demand allocator DISTR. In the Berkshire Gas study, the Company was able to identify expenses related only to transportation customers and, therefore, were allocated on a distribution allocator based on the number of transportation customers.

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Response to DTE 7-15 (Gas), continued

On JLH-5-1, Page 34, Line 34, the Amortization of the Deferred Farm Discount of \$1,061 was allocated on claimed revenues less gas costs or the REVCLAIM allocator. In the Berkshire Gas study, data was available to directly assign this cost, and it was directly assigned to the rate classes.

Person Responsible: James L. Harrison